

**EXHIBIT CRA-6**  
EnerBank's Original CRA Plan

The following pages contain EnerBank's original CRA plan effective from January 2004 to January 2006.

# ***EnerBankUSA***

## **COMMUNITY REINVESTMENT ACT**

### **Strategic Plan**

EnerBank USA  
(A Utah Corporation)

CRA STRATEGIC PLAN  
September 2003

FOREWORD

This CRA Strategic Plan covers the years 2003 through 2005, and represents a plan which focuses on the development and maintenance of partnerships with local community groups, and on community development lending, qualified investment and community development service activities that support the community partners. The partnerships and community development activities are intended to revitalize low- and moderate-income areas in the local community by promoting the availability of affordable housing, and the provision of education and training to consumers.

The authors of this strategic plan invite comments relating to the plan. Contact information is provided at the end of the document.

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## I. INTRODUCTION

### THE INSTITUTION

#### **General Information**

EnerBank USA (the "Bank" or "EnerBank") is a Utah state-chartered industrial loan corporation ("ILC"), and a member of the Federal Deposit Insurance Corporation ("FDIC"). As a state-chartered financial institution, not a member of the Federal Reserve System, the Bank's primary federal regulator is the FDIC. EnerBank is also subject to the rules and regulations of the State of Utah Department of Financial Institutions ("DFI"). EnerBank was granted its charter in June 2002.

EnerBank is subject to annual safety and soundness examinations conducted jointly by the FDIC and the DFI. The Bank is also subject to compliance examinations conducted by the FDIC, which evaluate the institution's compliance with applicable consumer protection and fair lending laws and regulations, and the institution's performance relating to the Community Reinvestment Act ("CRA").

The institution's main office is located in Salt Lake City, Utah, the Operations Division is in Jackson, Michigan and the Sales and Marketing Division is located in Cary, North Carolina.

The Bank's primary business activity is the issuance of credit in the form of unsecured energy-related home improvement loans. EnerBank also accepts brokered time deposits, but does not operate a traditional bank lobby and does not maintain cash on its premises.

The institution maintains a strong commitment to fair lending, supported by well-established policies, procedures, employee training, and audit and review procedures. The Bank formally reviews its lending practices annually as part of the institution's compliance review process.

The Bank has 34 employees – 13 exempt, 14 non-exempt and 7 temporary staff members. Among the functions performed at EnerBank are the following:

- Loan personnel perform various customer service functions, including taking loan applications over the phone, requesting credit reports from major credit reporting agencies, and advising consumers and contractors of the result of the credit decision.
- Operations personnel manage the institution's portfolio of consumer loans, and perform various accounting and customer service functions related to portfolio.
- Sales and Marketing personnel manage program sponsor and independent contractor relationships from first contact until agreement termination.
- EnerBank personnel maintain the books and records of the institution and manage the institution's regulatory compliance functions.

The institution's Board of Directors, officers and staff members have significant levels of financial services industry experience and expertise.



## **Definitions**

**Assessment Area(s)** — One or more of the geographic area(s) that is delineated by the bank and used by the regulatory agency in evaluating the bank's record of helping to meet the credit needs of its community. It must, in general, consist of one or more MSAs or one or more contiguous political subdivisions, such as counties, cities or towns. It must include geographies in which the bank has its main office, branches and deposit-taking ATMs, as well as the surrounding geographies in which the bank has originated or purchased a substantial portion of its loans. A bank may adjust the boundaries of its assessment area(s) to include only the portion of a political subdivision that it reasonably can be expected to serve. An assessment area must consist only of whole geographies, may not reflect illegal discrimination, may not arbitrarily exclude LMI geographies and may not extend substantially beyond a CMSA boundary or beyond a state boundary, unless the assessment area is located in a multistate MSA.

**Community Development** — Encompasses affordable housing (including multifamily rental housing) for LMI individuals; community services targeted to LMI individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize LMI geographies.

**Community Development Loan** — A loan that has as its primary purpose community development; (except for wholesale or limited purpose banks) has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment as a home mortgage, small business, small farm or consumer loan, unless it is a multifamily dwelling loan; and benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area.

**Community Development Service** — A service that has as its primary purpose community development, is related to the provision of financial services, has not been considered in the evaluation of the bank's retail banking services, benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area and has not been claimed by other affiliated institutions.

**Geography** — A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

### **Income Level – Geography**

**Low-Income** — Median family income is less than 50 percent of the area median income

**Moderate-Income** — Median family income at least 50 percent and less than 80 percent of the area median income

**Middle-Income** — Median family income is at least 80 percent and less than 120 percent of the area median income

**Upper-Income** — Median family income is 120 percent or more of the area median income

### **Income Level – Individual**

**Low-Income** — Less than 50 percent of the area median income

**Moderate-Income** — At least 50 percent and less than 80 percent of the area median income

**Middle-Income** — At least 80 percent and less than 120 percent of the area median income

**Upper-Income** — At least 120 percent or more of area median income

**Performance Context** — A bank's performance is judged in the context of information about the bank and its assessment area(s), including

- demographic data on median income levels, distribution of household income, nature of housing stock, housing costs and other relevant data,
- lending, investment and service opportunities,
- the bank's product offerings and business strategy, capacity and constraints, past performance and the performance of similarly situated lenders,
- the bank's public file and any written comments about the bank's CRA performance, and

– any other relevant information.

**Qualified Investment** — A lawful investment, deposit, membership share or grant that has as its primary purpose community development.

(Definitions provided by the Federal Reserve Bank of Dallas in *A Banker's Quick Reference Guide to CRA*.)

#### **Current Balance Sheet**

EnerBank had total assets of \$21,136,878 at June 30, 2003. Receivables associated with the Bank's loan products totaled \$18,375,971, or 87% of total assets, at June 30.

Deposits totaled \$7,459,000, or 35% of total assets, at the end of the second quarter, and other liabilities totaled \$1,954,118, or 10.8% of total assets. Stockholders Equity was \$11.7 million or 55% of total assets, at June 30, 2003.

Although the Bank is licensed to offer its single credit product, unsecured closed end consumer loans, throughout the United States, there are currently no Utah-based Program Sponsors, and therefore, no loans to Salt Lake County residents. The loans have original amounts of \$1,000 to \$25,000, and are reported as *Other Consumer Loans* in EnerBank's Consolidated Reports of Condition and Income.

The target market for EnerBank's product consists of homeowner/occupants of a primary or secondary residence, comprised of 2 units or less. A manufactured housing unit must have been constructed prior to 1976, and must be permanently affixed to its foundation.

EnerBank's balance sheet at June 30, 2003 is attached as Exhibit 1.

#### **Current Business Plan**

Management updates the institution's business plan on an annual basis, and the plan is executed under the direction of the Board of Directors. EnerBank's current business plan reflects the institution's continuing focus on the issuance of credit to consumers for energy-related home improvement loans. Forecasts indicate that the product will provide for the institution's growth over the next few years. No new loan products are contemplated in the current business plan.

The current business plan calls for brokered time deposit accounts as a significant source of funding. Management does not plan any additional deposit products at the present time, either nationally or in Salt Lake County.

Management recognizes that EnerBank operates in a very dynamic and competitive business environment, and management may elect at some point to adjust the business plan to accommodate a different product mix or business focus for the institution, with appropriate approval from the Bank's Board of Directors and regulatory agencies. It is anticipated that the product structure of the Bank's balance sheet will remain substantively unchanged during the term of this strategic plan, and the institution's total assets may exceed or fall short of the levels indicated in this plan. Management will consider amending this strategic plan if the institution experiences a material change in circumstances from those contemplated during the development of the plan.

#### **CURRENT CRA PROGRAM**

EnerBank's CRA program is under the direction of the institution's CRA & Compliance Committee of the Board of Directors. The institution's CRA Officer is responsible for the administration of the program, and reports to the Committee, as well as providing relevant reports to the Board of Directors at each of the regular monthly meetings.

#### **CRA Strategic Plan**

The primary focus of the plan is the development of long-term, informal partnerships with local community groups. Management has identified three community partners in the plan, a listing of which is attached as **Exhibit 2**. The strategic partners are generally acknowledged as highly effective in addressing the needs of the community. Along with the working relationships and synergies that exist among the partners and other agencies in the community, their leadership roles are believed by management to be of extreme importance in the creation of the strategic plan. CRA activities, and the activities of the institution's partners, center around two areas – affordable housing and education.

A secondary focus of the strategic plan is the development and implementation of preferred rate programs for

applicants who are approved for home improvement loans based on current Bank credit criteria. The Express Loan Program – Utah includes the:

- LMI Preferred Rate Program – the core of the Program utilizing current credit criteria and a discounted rate for the characteristics of:
  - Less than \$23,269.50 household income per year – per standard published monthly rates minus 50 basis points;
  - Greater than \$23,269.50 but less than \$37,231.20 household income per year – per standard published monthly rates minus 30 basis points.
- First Time Homebuyer Program – discounted rate of 50 basis points (from standard published monthly rates) for applicants who have purchased their first home within the last 36 months, and
- Older Home Rehabilitation Program – discounted rate of 50 basis points (from standard published monthly rates) for homes built before 1960 (which will affect more of the working-class, inner-city area homes that have deteriorated over time due to decreased income and increased crime along with the decline of homeownership in the area).

## DEVELOPMENT OF PLAN

### Overview of Development Process

Management took the following steps to develop the strategic plan:

1. We considered assessment area demographic information and economic conditions. Our summary of the information is presented in Section II, Assessment Area Information.
2. We then assessed the community development and credit needs of the community and, to a certain extent, the State of Utah. During this phase of development we evaluated various resource materials, such as the 2002 Economic Report to the Governor. The results of the needs assessment are summarized in Section III, Needs Assessment.
3. We then considered the performance context for the plan, including the institution's capacity and business strategies, and the competitive factors in the assessment area. The institution's performance context is described in Section IV, Performance Context.
4. Lastly, we developed the strategic plan goals for the institution's lending, investment and service activities. The goals are responsive to the needs of the community and appropriate within the institution's performance context. The goals are reviewed in Section V, Plan Goals.

We also believe the institution's assessment area is appropriately delineated. The assessment area consists of Salt Lake MSA, the political subdivision in which EnerBank's main office is located.



## II. ASSESSMENT AREA INFORMATION

### THE STATE OF UTAH

#### Population and Economy

The 22<sup>nd</sup> national census of the population indicated that an estimated 2,233,169 individuals reside in Utah (1). The 2001 Economic Report to the Governor states that the entire state growth is characterized by a high birth rate and low death rate, both at record levels for the state in 2001. During 2002, population growth is projected to slow to 1.7% due to the slow down of net in-migration from 14,200 in 2001 to 3,000 (2).

An average of 72% of Utah's population participated in the labor force in 2000, as compared to the national average of 67% (3). Both Utah men and women participate in the work force to a greater extent than their national counterparts. Reasons for the higher participation levels may be the relative youth of Utah's population and Utah's large families and relatively low average wages may influence families to have more than one wage earner.

Utah's per-capita income of \$23,364 is ranked 45<sup>th</sup> out of the 50 states (the national average being \$29,451) (4), due to the state's relatively high birth rate and a relatively large number of persons in younger age classifications.

The median household income data (released by the U.S. Department of Commerce) shows that Utah continues to have household incomes higher than the national average. This is due mainly to more wage earners per household in Utah than on average nationally. The median household income is \$46,539 for the period 1998 to 2000, and ranks the state as the 11<sup>th</sup> highest in the U.S. (5).

The number of homeless in the state is estimated at approximately 2,500 individuals in 2000. The number of families living in Utah shelters grew by 61% over the previous six years. The number of available beds in shelters across the state numbered 1,164 as of July 1, 2000. 45% of those available beds were occupied by men, 34% by children under the age of 17, and women the remaining 21% (6).

#### Outlook

Utah's rates of population and economic growth are expected to be more rapid than those of the United States over the next three decades. The rate of population growth will be sustained by a rapid rate of natural increase and a strong and diversified economy. If the forecasted rates of economic growth are realized over the period, Utah will experience strong net in-migration as the demand for labor outstrips internal growth of the state's labor force. Natural increase will drive the state's population growth, reflecting the state's relatively young population, high fertility rate, and high life expectancy. The median age of Utah's population is expected to increase over the period, as will that of the nation. The state's population, however, should continue to be approximately eight years younger than that of the nation. The employment growth rate of Utah has consistently outpaced that of the nation, and the trend is expected to continue. Services and non-farm proprietors are expected to record the most rapid rates of increase.

### SALT LAKE COUNTY

#### Population and Economy

Salt Lake County, with an estimated current population of 918,000 individuals is the most populous county in Utah with over 40% of the state's population (7).

Total employment for the county was approximately 537,000 at the end of May 2002 (8) and the unemployment

1 U.S. Census Bureau

2 2002 Economic Report to the Governor, pg. 37

3 2002 Economic Report to the Governor, pg. 56

4 2002 Economic Report to the Governor, pg. 71

5 2002 Economic Report to the Governor, pg. 109

6 Utah Department of Community and Economic Development News Release January 19, 2001.

7 2002 Economic Report to the Governor, pg. 44 Source: Utah Population Estimates Committee

8 Utah Labor Market Report, September 2002, pg. 8

rate at that same time was 5.4%. The service industry continues to provide strong job growth (9). Although the Salt Lake MSA's economy is suffering employment declines, the contraction is less severe than the statewide percentage of -1.6 and currently is estimated at -1.3%(10).

The county had 310,988 housing units at the end of 2000, with an average of 3 persons per unit (11). Over the past five years, the growth in the number of new housing units has exceeded the growth in the number of new households in the county, thereby largely alleviating the housing shortages that characterized the mid-1990s. By the end of 1998, the ratio of population to housing units in the county was lower than in 1990. Nevertheless, the availability of affordable housing in the county remains an issue. The supply of safe and clean single-family homes that sell for less than \$100,000 is almost nonexistent (12).

In 1998 approximately 14,300 households in the Salt Lake metropolitan area were determined by the American Housing Survey to have "worst case" needs for rental assistance, a number that excludes the area's homeless. The households with worst-case needs account for 13% of renters and 3% of the area's households. Households are considered to have worst-case needs when they have an income less than 50% of the area median income, pay over half of their income for rent or live in severely inadequate housing, and do not receive assistance from housing assistance programs. By way of comparison, approximately 54% of the nation's renters had worst-case needs in 1998. In 1998, for every 100-renter households with an income below 30% of the area median income, only 34 housing units were both affordable and available.

#### SALT LAKE MSA CENSUS TRACT CHARACTERISTICS

Census Tract Income Level	Number of Tracts	Percentile
Low Income	7	4.5
Moderate Income	39	25.0
Middle Income	78	50.0
Upper Income	32	20.5
Total	156	100.0

Source: US Census 1990

9 Utah Labor Market Report, September 2002, pg. 9

10 Utah Labor Market Report, September 2002, pg. 2

11 US Census Bureau, 2000

12 American Housing Survey, 1998, table 2-8

### III. NEEDS ASSESSMENT

Management employed the following resources to identify current needs in EnerBank's assessment area:

- Interviews with representatives of community development organizations in the Salt Lake MSA (see Exhibit 2),
- The 2002 Economic Report to the Governor,
- The Utah Labor Market Report,
- Data from the US Census Bureau, and
- The American Housing Survey.

#### SUMMARY OF NEEDS

Based on management's research, the most critical unmet or inadequately met needs within the assessment area include:

- Affordable, accessible, safe and clean housing,
- Down payment assistance programs,
- Housing rehabilitation funding,
- Funding for emergency elder healthcare,
- After school day care, and
- More employers.

## IV. PERFORMANCE CONTEXT

### CAPACITY OF INSTITUTION

#### **Business Strategy**

As indicated above, EnerBank's current business plans call for the institution to maintain its focus on the issuance of credit in the form of unsecured energy-related home improvement loans and certificates of deposit.

#### **Strengths**

Certainly a strength of the Bank, in terms of the CRA, is the management team's knowledge of the community and its strengths, challenges, needs and opportunities. Members of the team have successful relationships with various community groups, and have made personal as well as professional commitments to community service.

#### **Limitations**

One limitation of the institution is the relatively small size of its staff. Although the Bank has 29 employees, only four of those actually work and reside in Utah. EnerBank's main office staff members are highly motivated and capable, but the size of the staff places a practical limit on the amount of community development service activities the institution will be able to perform. Management intends, therefore, to focus attention and energy to a limited number of strategic partnerships that will assist in maximizing investments and resources to the most critical needs of the community, based on the current Needs Assessment (Part III).

Another limiting factor arises from the fact that earnings may be suppressed to a certain extent over the next few years as the institution invests significant levels of marketing dollars in new business partnerships. The expenditures will produce significant levels of new earning assets and profits for the institution, but management estimates that the portfolio will not generate profit until approximately mid-year 2004. This projection is documented in the 2003 Annual Safety and Soundness Joint Examination. Updated budget figures and business plan are not expected for presentation and ratification by the Board of Directors until November 2003.

### COMPETITIVE ENVIRONMENT

#### **Financial Institutions in Utah**

A large number of financial institutions, including commercial banks, ILCs, credit unions, and savings and loan associations, compose a robust financial services industry in Utah, and much of the state's banking activity is centered in Salt Lake County. A list of the ILC institutions is included as Exhibit 3.

Utah ILCs are perhaps the institution's most direct competitors in terms of the CRA. Most of the can be characterized thusly:

- Many are wholly owned subsidiaries of large, non-bank corporations (e.g., American Express, Merrill Lynch, GE Capital, Provident, Advanta, BMW, and Morgan Stanley Dean Witter).
- Many offer a relatively narrow product line (e.g., credit card loans) to consumers and business located throughout the United States.
- Many fund their assets primarily with borrowings from a parent organization, brokered deposits, and/or consumer deposits gathered nationally, rather than with deposits obtained from the local community.
- Many have a single office and operate with a relatively small number of employees, and most do not conduct traditional, full-service bank lobby operations.

The ILCs as a group have consistently demonstrated leadership and innovation in CRA activities among the community's financial institutions over the past decade. ILCs have joined forces several times over the years to develop and fund consortium loans. A standing committee of ILC CRA officers actively seeks input from community organizations and strives to develop creative approaches to community needs.

The Utah legislature in the late 1990s granted the Commissioner of Financial Institutions the authority to approve additional ILC charters. Prior to that legislation, the number of ILC charters had been fixed by law. The Department of Financial Institutions (DFI) regulates 25 banks, 91 credit unions, 33 industrial loan corporations, one savings & loan and two trust companies.



There are also 12 national banks, 2 out-of-state state banks, 39 federal credit unions, and 5 federal savings & loan, operating within the state.

#### **Peer Group Study**

Management conducted a study of ILCs in the Salt Lake area that have been assessed under Strategic Plans: Advanta Bank Corporation, BMW Bank of North America, Inc., Universal Financial Corporation and Volvo Commercial Credit Corporation (see Exhibit 3). Management carefully considered the percentage of assets committed to Loans & Investments and Grants (see Exhibit 4). Due to the expectation that the business will not generate profit for quite some time, any substantial increase in the stated commitments would likely produce a negative impact on the safety and soundness of the institution.

## V. PLAN GOALS

### GOAL SETTING METHODOLOGY

After conducting a needs assessment of Salt Lake County, management identified certain targeted areas that EnerBank could address in an effective manner, given the performance context of the institution, and then identified various community organizations with which the institution can partner to address the targeted needs (Exhibit 3). Management then established a set of goals, and evaluated the appropriateness of the goals.

### TARGETED NEEDS

The Bank's plan goals were established to make an appropriate and meaningful contribution to meeting two identified community needs in particular:

- **Affordable Housing.** The lack of affordable housing in Salt Lake County in recent years is well documented. There is a need for affordable, accessible, quality housing, including short-term shelter to stabilize transient families, transitional housing, and assistance in locating affordable housing to move individuals and families into self-sufficiency.
- **Education and Training.** Management's assessment indicated a need in the community for a variety of educational programs, including life skills training encompassing budgeting and basic personal finance, fundamentals of credit, home ownership, job skills training, etc.

### COMMUNITY PARTNERS

Management plans to maintain informal partnerships with the community-based organizations to address the targeted needs relating to affordable housing, education and training. EnerBank may also provide loans, grants and services to other community organizations as appropriate to address current or emerging community needs.

### PLAN GOALS

Management has established the goals listed below to meet its CRA obligation for the upcoming two years. The goals reflect targeted needs in lending, grants, investments and services which can be achieved and which are responsive to the community needs. The detailed description of goals are set forth in **Exhibit 4, Assessment Area Performance Goal Metrics**, and are within the capacity and constraints of the Bank's business plan and in accordance with the CRA.

We propose to address the targeted community needs by:

- (1) Making community development loans and grants in support of relevant programs,
- (2) Making qualified investments that have as their primary purpose community development, and
- (3) Performing community development service activities that support the community.

## VI. OTHER INFORMATION

### TIMETABLE OF PLAN

**Board Approval.** EnerBank USA's Board of Directors approved this CRA Strategic Plan on September 18, 2003.

**Public Comment Period.** Management formally solicited public comment on the strategic plan by publishing on September 23, 2003 a notice in two newspapers of general circulation in the assessment area: the *Salt Lake Tribune* and the *Deseret News*. The public comment period expired on October 22, 2003. A Proof of Publication for the notice is attached as **Exhibit 6**.

Copies of the strategic plan were offered to the public at no cost, and were made available for review by the public at EnerBank's main office at no cost.

**Individuals or Institutions who requested and received a Public Copy of the Plan.**

Craig Gammon, President & CEO, Associates Capital Bank

**Public Comments received.**

No comments were received.

**Submission of Plan to FDIC.** This strategic plan was submitted to the FDIC's San Francisco Regional Office on October 23, 2003.

**Effective Date of Plan.** Management proposes that the effective date of the plan be January 1, 2003.

**Term of Plan.** Management proposes that the plan be effective through December 31, 2005.

**Designation of Assessment Area.** Management has designated Salt Lake County as the assessment area for the purposes of the CRA.

**Election of Alternative Method of Assessment.** Management does not elect to have the Bank's performance evaluated under another assessment method if it fails to meet substantially the strategic plan goals for a *satisfactory* rating.

### CONTACT INFORMATION

Individuals with questions or comments may contact:

Lorraine Bally, Vice President and CRA Officer

EnerBank USA  
1245 E. Brickyard Rd., Ste. 100  
Salt Lake City, UT 84106

# Exhibit 1

## July 2003 EnerBank USA Board Report Statement of Condition June 30, 2003

	June 2003 Actual	Prior Month Actual	Variance	June Budget	Variance
<b>ASSETS</b>					
<b>Cash and Short-Term Investments</b>					
Cash	\$ 210,232	\$ 102,132	\$ 108,100	\$ 1,172,978	\$ (962,746)
Sweep Investments	186,648	288,536	(101,888)	-	186,648
Fed Fund Investments	-	306,639	(306,639)	-	-
Outstanding Checks	(3,192,278)	(2,784,793)	(407,485)	-	(3,192,278)
Total Cash and Short-term investments	(2,795,398)	(2,067,485)	(707,913)	1,172,978	(3,938,376)
<b>Loan Receivables</b>					
Loan Principal Receivable	18,375,971	17,754,924	621,047	20,667,853	(2,291,882)
New Loans in Process	3,166,669	2,666,508	471,163	-	3,166,669
Interest Receivable on Loans	201,816	195,320	6,496	-	201,816
NSF Charges Receivable	1,135	1,105	30	-	1,135
Customer Payments in Process	(12,563)	(8,721)	(3,842)	-	(12,563)
Bad Debt Reserve	(437,475)	(417,475)	(20,000)	(317,178)	(120,297)
Total Loan Receivables	21,295,554	20,220,660	1,074,894	20,350,675	944,879
<b>Dealer Receivables</b>					
SAC Fee Receivable	47,641	87,225	(39,584)	-	47,641
Program Sponsor Fees Receivable	11,511	800	10,711	-	11,511
Interest Buydown Fees Receivable	-	(371)	371	-	-
Charge-off Receivable from Program Sponsor	11,795	18,604	(6,809)	-	11,795
Total Dealer Receivables	70,947	106,257	(35,310)	-	70,947
<b>Other Receivables</b>					
Intercompany Receivable-CMS Capital	-	-	-	-	-
Intercompany Receivable-CMS Energy	-	-	-	-	-
Sweep Account Dividend Receivable	-	-	-	-	-
Total Other Receivables	-	-	-	-	-
<b>Prepayments</b>					
Prepaid Insurance	17,516	11,153	6,363	-	17,516
Prepaid Software Support	37,812	40,697	(2,885)	-	37,812
Prepaid Broker Fees - Deposits	33,677	35,468	(1,791)	-	33,677
Prepaid Property Taxes	960	1,448	(488)	-	960
Prepaid Program Sponsor Revenue Share	195,641	210,783	(15,142)	213,763	(18,122)
Prepaid Manual P/S Revenue Share	44,814	42,361	2,454	-	44,814
Miscellaneous Prepayments	17,946	16,466	1,480	-	17,946
Total Prepayments	348,367	358,376	(10,009)	213,763	134,604
<b>Fixed Assets</b>					
General Fixed Assets	1,582,729	1,423,799	158,930	896,389	686,340
OWIP Assets	24,700	153,550	(128,850)	-	24,700
Accumulated Depreciation-Gen Fixed Assets	(603,892)	(586,487)	(17,405)	-	(603,892)
Total Fixed Assets	1,003,538	990,863	12,675	896,389	107,149
<b>Other Assets</b>					
Intangible Pension Asset	91,190	91,190	-	-	91,190
Deferred Tax Asset - FIT Benefit	836,464	781,662	54,802	728,424	108,040
Deferred Tax Asset - Adiff Pension	266,217	256,476	29,741	-	266,217
Total Other Assets	1,213,971	1,129,328	84,643	728,424	485,447
<b>TOTAL ASSETS</b>	<b>\$ 21,136,878</b>	<b>\$ 20,717,998</b>	<b>\$ 418,880</b>	<b>\$ 23,362,229</b>	<b>\$ (2,225,351)</b>



**July 2003 EnerBank USA Board Report**  
**Statement of Condition**  
**June 30, 2003**

	June 2003 Actual	Prior Month Actual	Variance	June Budget	Variance
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Current Payables					
Accounts Payable	\$ 4,290	\$ 7,724	\$ (3,434)	\$ -	\$ 4,290
Accounts Payable - Accruals	-	4,726	(4,726)	-	-
Program Sponsor Fees Payable	(24,371)	(24,741)	371	-	(24,371)
Fed Funds Borrowed	493,381	-	493,381	-	493,381
Customer Overpayments	131	23	108	-	131
Bad Debt Recovered - Due to Program Sponsor	2,578	4,340	(1,763)	-	2,578
Intercompany Accounts Payable - Consumers	268,983	226,100	42,884	-	268,983
Intercompany Accounts Payable - CMS Energy	-	-	-	-	-
Accrued Liability - Compensation	8,840	7,080	1,760	-	8,840
Medicare Withholding	-	-	-	-	-
401(k) Salary Deduction	6,579	10,593	(4,015)	-	6,579
Charity Contributions	291	292	(1)	-	291
Stock Purchase	50	50	-	-	50
EBG Funds	-	6	(6)	-	-
Flex Fund Withholding	725	725	-	-	725
Payroll Advance Liability	-	-	-	-	-
Total Current Payables	761,477	236,917	524,560	-	761,477
Notes Payable					
Brokered Deposits	6,959,000	6,959,000	-	10,354,000	(3,395,000)
Deposits - Related Party	500,000	500,000	-	500,000	-
Total Notes Payable	7,459,000	7,459,000	-	10,854,000	(3,395,000)
Interest Payable					
Interest Payable - Brokered Deposits	29,889	30,728	(839)	-	29,889
Interest Payable - Related Party Deposits	573	4,183	(3,610)	-	573
Total Interest Payable	30,462	34,911	(4,449)	-	30,462
Deferred Liabilities					
Accrued SEMP Liability	1,000	-	1,000	-	1,000
Aetna IBNR Liability	11,819	-	11,819	-	11,819
Unearned Revenue - SAC Fees	146,714	198,331	(51,617)	-	146,714
Unearned Revenue - Interest Buydown	672	691	(19)	-	672
Deferred Taxes - Depreciation	25,369	25,369	-	-	25,369
Accumulated Provision for Pensions	84,302	75,703	8,599	-	84,302
Accumulated Provision for OPEB	42,723	39,437	3,286	-	42,723
Deferred Tax Liability - Pension	31,916	31,916	-	-	31,916
Adel Pension Liability	817,663	732,788	84,875	-	817,663
Total Deferred Liabilities	1,162,179	1,104,235	57,944	-	1,162,179
<b>TOTAL LIABILITIES</b>	<b>9,413,118</b>	<b>8,835,063</b>	<b>578,055</b>	<b>10,854,000</b>	<b>(1,440,882)</b>
<b>EQUITY</b>					
Common Stock and Retained Earnings					
Common Stock	1	1	-	-	-
Additional Paid in Capital	13,708,996	13,708,996	-	13,708,997	(1)
Retained Earnings	(837,779)	(837,779)	-	(310,829)	(526,950)
Accumulated Other Comprehensive Loss (Pension)	(472,173)	(417,039)	(55,134)	-	(472,173)
Current Year Net Profit/(Loss)	(675,285)	(571,244)	(104,041)	(889,939)	214,654
Total Common Stock & Retained Earnings	11,723,760	11,882,935	(159,175)	12,508,229	(784,470)
<b>TOTAL EQUITY</b>	<b>11,723,760</b>	<b>11,882,935</b>	<b>(159,175)</b>	<b>12,508,229</b>	<b>(784,470)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 21,136,878</b>	<b>\$ 20,717,998</b>	<b>\$ 418,880</b>	<b>\$ 23,362,229</b>	<b>\$ (2,225,351)</b>

**Exhibit 2**  
**Interview Records**

<b>Date: September 11, 2003</b>	
<b>Organization: Deseret Certified Development Corporation</b>	
<b>Address: 2595 E. 3500 South, Salt Lake City, UT 84109</b>	
<b>Contact Name: Scott Davis, President</b>	
<b>Phone: 801-474-3232</b>	
What are the 3 most important needs for community development of the Salt Lake Area?	<ol style="list-style-type: none"><li>1. Affordable Housing</li><li>2. Access to capital for small business</li><li>3. Mass transportation</li></ol>

<b>Date: September 11, 2003 LMOM</b>	
<b>Organization: Economic Development Corporation of Utah</b>	
<b>Address: 215 S. State St., Ste. 850, Salt Lake City, UT 84111</b>	
<b>Contact Name: Christopher Roybal, President &amp; CEO</b>	
<b>Phone: 801-328-8824</b>	
What are the 3 most important needs for community development of the Salt Lake Area?	<ol style="list-style-type: none"><li>1.</li><li>2. DID NOT RETURN CALL</li><li>3.</li></ol>

<b>Date: September 11, 2003 LMOM</b>	
<b>Organization: Housing Authority of Salt Lake City</b>	
<b>Address: 1776 S. West Temple, Salt Lake City, UT 84115</b>	
<b>Contact Name: Rosemary Kappes, Executive Director</b>	
<b>Phone: 801-487-2161</b>	
What are the 3 most important needs for community development of the Salt Lake Area?	<ol style="list-style-type: none"><li>1.</li><li>2. DID NOT RETURN CALL</li><li>3.</li></ol>

<b>Date: September 11, 2003 LMOM</b>	
<b>Organization: Housing Authority of the County of Salt Lake</b>	
<b>Address: 3595 S. Main St., Salt Lake City, UT 84115</b>	
<b>Contact Name: Janice Kimball for the office of the Executive Director</b>	
<b>Phone: 801-284-4401</b>	
What are the 3 most important needs for community development of the Salt Lake Area?	<ol style="list-style-type: none"> <li>1. Affordable Housing -- HUD cutback relief</li> <li>2. Economic Development -- more jobs</li> <li>3. Supplemental Services -- Financial literacy, mental health, substance abuse</li> </ol>

<b>Date: September 11, 2003 LMOM</b>	
<b>Organization: Life Care</b>	
<b>Address: 1025 S. 700 West, Salt Lake City, UT 84104</b>	
<b>Contact Name: Director, Kimberly Zupanek</b>	
<b>Phone: 801-978-2452</b>	
What are the 3 most important needs for community development of the Salt Lake Area?	<ol style="list-style-type: none"> <li>1.</li> <li>2. DID NOT RETURN CALL</li> <li>3.</li> </ol>

<b>Date: September 11, 2003</b>	
<b>Organization: Salt Lake Community Action Program</b>	
<b>Address: 746 S. 200 West, Salt Lake City, UT 84101</b>	
<b>Contact Name: Cathy Hoskins, Executive Director</b>	
<b>Phone: 801-359-2444</b>	
What are the 3 most important needs for community development of the Salt Lake Area?	<ol style="list-style-type: none"> <li>1. Housing</li> <li>2. Health Care -- prescription, funding for emergency help</li> <li>3. Day care</li> </ol>

<b>Date: September 11, 2003</b>	
<b>Organization: Salt Lake County Community Development and Housing</b>	
<b>Address: 2001 S. State St., Ste. S-2100, Salt Lake City, UT 84190-2760</b>	
<b>Contact Name: Lynn J. Feveryear, Manager</b>	
<b>Phone: 801-468-3803</b>	
What are the 3 most important needs for community development of the Salt Lake Area?	<ol style="list-style-type: none"> <li><b>1. Affordable Home Ownership</b></li> <li><b>2. Down payment assistance programs</b></li> <li><b>3. Housing Rehabilitation Funding</b></li> </ol>

<b>Date: September 11, 2003</b>	
<b>Organization: The Redevelopment Agency of Salt Lake City</b>	
<b>Address: 451 S. State St., Ste. 418, Salt Lake City, UT 84111</b>	
<b>Contact Name: David Oka, Executive Director</b>	
<b>Phone: 801-535-7240</b>	
What are the 3 most important needs for community development of the Salt Lake Area?	<ol style="list-style-type: none"> <li><b>1. Main Street</b></li> <li><b>2. Affordable Housing</b></li> <li><b>3. More employers</b></li> </ol>



### **Exhibit 3**

#### **Community Partners**

##### **ArtSpace**

501(c)(3) agency established in 1980 to revitalize the industrial west side of Salt Lake City by building affordable housing and cultural amenities. To date, 3 successful mixed-use projects have been created that combine affordable housing, commercial, social service and community spaces.

Contact: Jackie Skibine, Director of Development  
329 W. Pierpont Ave., Ste. 200  
Salt Lake City, UT 84101  
531-9376

##### **Habitat For Humanity – Salt Lake Valley**

501(c)(3) agency that assists families in securing affordable shelter through technical and financial assistance. To qualify for such assistance, families are required to attend classes in home ownership, maintenance, communication and financial management. Strategic partnerships with businesses, churches, individual donors and other agencies provide resources to create a climate for successful home ownership.

Contact: Stella Allen, Executive Director  
716 E. 4500 South, Ste. N160  
Salt Lake City, UT 84107  
263-0136

##### **Junior Achievement of Utah**

National program dedicated to improving the financial education received by children in grades K – 12. Contributions to Junior Achievement help to pay for materials that are used in classroom presentations regarding business and finance. Volunteers provide the teaching resource and in Title One schools, frequently provide positive adult role models. All donations by EnerBank USA support a Title One school; 50% of the students in these schools live below the poverty level.

Contact: Phil Cofield, President  
641 E. S. Temple  
Salt Lake City, UT 84102  
355-5252

**Exhibit 4**

**Strategic Plan Assessment Area Performance Goals - Peer Review**

	<b>Loans &amp; Investments</b>	<b>Grants</b>	<b>Service (Annualized)</b>
<b>EnerBank USA</b>			
Satisfactory	*0.50%	\$5,000.00	96 hours
Outstanding	*0.75%	\$10,000.00	145 + hours
<b>Advanta Bank Corporation (2000)</b>			
Satisfactory	\$5,305,958.00	\$62,000.00	120 - 160hours
Outstanding	\$11,369,910.00	\$67,000.00	200 + hours
<b>BMW Bank of North America, Inc. (2000)</b>			
Satisfactory	*1.00%	N/A	120 hours
Outstanding	*1.50%	N/A	180 hours
<b>Universal Financial Corporation (2001)</b>			
Satisfactory	*1.40%	\$36,600.00	240 hours
Outstanding	*1.70%	\$59,100.00	360 hours
<b>Volvo Commercial Credit Corporation (2002)</b>			
Satisfactory	\$790,000.00	\$30,000.00	40 hours
Outstanding	\$1,400,000.00	\$35,000.00	60 hours

**\*Based on average of assets disclosed in quarterly call reports (Schedule RC-K, line 9) per calendar year.**

## Exhibit 5

### Assessment Area Performance Goal Metrics

#### Community Development Loans & Investments

Year Ending:	December 31, 2003	December 31, 2004
<b>Satisfactory</b>	.5%*	.75%*
<b>Outstanding</b>	.75%*	1.25%*

\*Based on average of assets disclosed in quarterly call reports (Schedule RC-K, line 9) per calendar year.

#### Grants

Year Ending:	December 31, 2003	December 31, 2004
<b>Satisfactory</b>	\$5,000	\$7,500
<b>Outstanding</b>	\$10,000	\$15,000

#### Service

Year Ending:	December 31, 2003	December 31, 2004
<b>Satisfactory</b>	96 hours	96 hours
<b>Outstanding</b>	145 + hours	145 + hours